

Pine Point School

Fiscal Compliance and Procedure Manual

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Preface

It is the intention of Pine Point School (the “District”) to comply with all federal, state, and local fiscal laws. The regulatory citations covering fiscal management practices are:

- IDEA 34
- EDGAR
- UGG/2 CFR –Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (referred to as “Part 200.XXX” herein)
- Minnesota Statute 471.345 – Uniform Municipal Contracting Law

It is also the intention of the District to ensure special education and federally funded expenditures are necessary, reasonable, and allowable. The procedures and practices used to accomplish these tasks are outlined in this manual. It is the goal of the management of the District to ensure these practices and procedures are followed.

Organization Structure

The superintendent/principal is the sole direct hire by the District Board of Education (“Board”), with all other District employees reporting directly or indirectly to the superintendent/principal. The superintendent/principal is primarily responsible for handling the financial functions of the District assisted by the school business manager.

The District is part of PAWN Special Education (hereafter referred to as "PAWN" which serves the districts of Park Rapids ISD #309, Walker-Hackensack-Akeley ISD #113, Nevis ISD #308 and Pine Point ISD #25. The special education teachers and paraprofessionals assigned to students with disabilities are supervised by the superintendent/principal in conjunction with the director of special education.

PAWN is responsible for the management of the federal special education dollars the District is entitled to and assists the District personnel with the Minnesota Department of Education (“MDE”) Electronic Data Reporting System (“EDRS”), Minnesota Automated Reporting Student System (“MARSS”), Third Party Reimbursement, Tuition Billing and other reporting functions related to special education.

Financial Accounting System

The District’s accounting is maintained on SMART Finance and SMART HR which is run on the Region 1 server. Training and other assistance is also offered by Region 1. The SMART system enables the following to be incorporated regarding awards received:

- CFDA Title and Number
- Federal Award ID Number

- Fiscal Year of Award
- Federal Agency

Revenues and expenditures are recorded according to the Uniform Financial Accounting and Reporting Standards (“UFARS”) manual maintained and updated by MDE.

Code of Conduct

Each employee must perform their duties to the best of their abilities and perform those duties in an ethical and honest manner.

Through words and actions, an employee will conduct oneself in the following manner:

- Act honestly and ethically in carrying out one’s employment duties and responsibilities;
- Comply with all policies and procedures pertinent to one’s job duties, and all state/federal laws, rules, and regulations;
- Cooperate fully with internal or external auditors in all areas of their examinations;
- Report suspected code of conduct and ethics violations, significant internal control weaknesses, evidence of theft, embezzlement, unlawful use of public funds or property or other irregularities/wrongdoings through appropriate District channels as designated;
- Report any evidence of theft, embezzlement, and/or unlawful use of public funds and/or property, other public resources to the District’s superintendent/principal and/or the director of special education.
- Medically related and personally identifiable financial information (such as social security numbers) shall be restricted to those District personnel with the need to know the information to perform his or her job, and otherwise held confidential.

In order to assure accountability, the District, and each of its individual employees will account for all activities, accept responsibility for those activities, and disclose information/results in a transparent manner.

Financial/Cash Management System and Internal Controls

The superintendent/principal, with the assistance of the school business manager, director of special education and PAWN bookkeeper/secretary is responsible for preparing the upcoming annual budget by June 30. The superintendent/principal is responsible for supervising the business office staff. A mid-year budget revision is typically prepared in the January – March time period. Year-end financial reports are provided to the superintendent/principal by the school business manager as compiled and audited by the accounting firm designated by the Board. Special education budgets by federal award are submitted to MDE by the PAWN bookkeeper/secretary via EDRS and the State Education Record View and Submission System (“SERVS”).

The school business manager works within the approved budget and requests funds on SERVS. The payment requests on SERVS are documented by reports from the District's accounting software. Funds are requested on SERVS after the payment has been made and the SERVS draws are supported by reports from the financial accounting system.

The school business manager maintains the payroll. The school business manager is responsible for the general ledger, entering both the accounts receivable and the accounts payable. The fixed asset schedule is maintained on District's accounting software with separate tracking of technology items by the information technology director. The superintendent/principal approves all requests. Special education requests are then submitted to the PAWN office for approval by the director of special education and coding by the PAWN bookkeeper/secretary then sent to the school business manager to be processed.

All the business office duties (setting up new vendors, making deposits, issuing checks, bank account reconciliation, etc.) are completed by the school business manager. To provide some internal controls, the superintendent/principal approves all journal entries made by the school business manager and either the superintendent/principal or the school business manager approves payroll completion forms. The Board serves as the final internal control function by reviewing and approving all checks written and account transfers made monthly.

Allowability and Procurement

When requesting materials or services, District employees shall ensure the following guidelines are followed:

- The purchase is necessary for the provision of services.
- No employee, officer or agent may participate in the selection, award or administration of a contract supported by a federal award if he or she has a real or apparent conflict of interest. A conflict of interest may arise when the employee, officer or agent, any member of his/her immediate family, his/her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. Where a potential conflict of interest arises, the individual must recuse him or herself from the selection, award or administration of a contract.
- If a conflict of interest occurs, the supervisor will conduct an investigation and determine appropriate disciplinary action. If the offense is considered minor in nature (minor meaning employee was unaware of conflict, and there was not significant financial implications) first offense will warrant a verbal reprimand and training on conflict of interest. Second offense warrants a written reprimand that will be placed in employee's personnel file and additional training on conflict of interests. Third offense, the employee will be placed on a corrective action plan that (1) if not followed will lead to the employee being terminated and (2) is placed in the personnel file.
- If the conflict is determined to be egregious in nature (egregious meaning employee knew of the conflict of interest and there was significant financial implications), the employee

will be placed on leave (either paid or unpaid, this will be determined by the supervisor), until an investigation is completed. Upon completion of the investigation, if it is determined a known conflict existed and significant financial ramifications are involved the employee may be terminated.

- If any employee becomes aware of any conflict of interest, such conflict of interest shall be reported to his or her supervisor as soon as practicable. If the supervisor is the person with the conflict of interest, the person who becomes aware of the conflict of interest shall report such conflict to the supervisor's supervisor.
- There is no soliciting or acceptance of gratuities, favors, or anything of monetary value from contractors or subcontractors. This does not apply to situations where the financial interest is not substantial, or the gift is an unsolicited item of nominal value (\$5.00 or less).
- All employees involved in purchasing or supervision of purchasing shall comply with board policy.
- All procurement transactions provide full and open competition to the maximum extent practicable.
- Purchases/costs must be reasonable and allowable under federal program regulation. A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the existing circumstances at the time cost is incurred. There must be no acquisition of unnecessary or duplicative items.
- No state or local preference is granted.
- Minority owned businesses, women's business enterprises and labor surplus area firms will be considered when possible. The superintendent/principal will periodically consult with the building principals to adhere to this requirement.
- State and local intergovernmental agreements will be considered when appropriate. The superintendent/principal will periodically consult with the superintendent/principal to adhere to this requirement.
- When accessing a vendor, the District will ensure that no purchases are made from debarred and suspended vendors. The District will utilize www.sam.gov to check for debarred and suspended vendors. School business manager shall perform this check when setting up the new vendor in our SMART system and annually thereafter.
- For all methods of procurement, the records retained shall include the rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract. The records, including bids or proposals received, shall be retained by the District for at least five years. If any litigation, claim or audit is started before the expiration of the five-year period, the records must be retained until all litigation, claims or audit findings involving the records have been resolved and final action taken.
- All District contract paid from federal funds shall contain the contract provisions specified in Appendix II to Part 200 as appropriate for the transaction, including, but not limited to:
 - Remedies
 - Termination
 - Equal Employment Opportunity
 - Davis Bacon Act

- Contract Work Hours and Safety Standards Act
- Rights to Inventions Made Under a Contract
- Clean Air Act
- Debarment and Suspensions
- Byrd Anti-Lobbying Amendment

Micro-Purchase: A micro-purchase is an acquisition of supplies and services of \$5,000.00 or less.

- Micro-purchases can be made without soliciting competitive quotations if the District determines the cost is reasonable and allowable.
- The District will, to the extent practicable, distribute micro-purchases equitably among qualified suppliers.
- The \$5,000 limit applies to purchases made with federal dollars. The limit for other purchases is \$25,000 as per Minn. Stat. 471.345 Sub. 5a, provided, “If the contract is made upon quotation it shall be based, so far as practicable, on at least two quotations which shall be kept on file for a period of at least one year after their receipt.”

Small Purchase: A small purchase is an acquisition of supplies and services costing more than \$5,000 and less than \$100,000. This \$3,000 - \$100,000 range is for purchases made with federal dollars. The range for other purchases is \$25,000 - \$100,000 as per Minn. Stat. 471.345 Sub. 4a, “the contract may be made either upon sealed bids or by direct negotiation, by obtaining two or more quotations for the purchase or sale when possible, and without advertising for bids or otherwise complying with the requirements of competitive bidding. All quotations obtained shall be kept on file for a period of at least one year after receipt thereof.”

- The District will obtain price and rate quotes from at least two qualified sources; more if possible when a larger number of vendors are available.
- Price/rate quotes will include documentation from vendors such as written quote, internet price search (screen shot of internet site for documentation) or written documentation of a phone call that includes vendor name, vendor number and information given by vendor. Documentation will be kept on file.
- A cooperative bidding process through a state, local or regional entity (otherwise known as a “Cooperative Purchasing Venture”) that solicits bids on behalf of the cooperative members in compliance with these procedures shall satisfy the requirements of this procedure.

Competitive Proposals: A competitive proposal is an acquisition of material, products and services costing more than \$100,000.

- If appropriate, the District will utilize a sealed bid process.
- A sealed bid is appropriate when a complete, adequate and realistic specification or description of good or service is available. Such description shall not contain features which unduly restrict competition. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a "brand name" or equivalent

description may be used as a means to define the performance or other salient requirement of procurement.

- Two or more responsible bidders are willing and able to compete effectively for the business.
- Selection among the responsive and responsible vendors can be made principally based on prices and it's a firm, fixed price contract.
- Whether or not a sealed bid is appropriate, the District will award the contract to the responsible vendor whose proposal is most advantageous to the District, considering price and other factors and who has the ability to perform the contract terms successfully.
- For all requests for bids or proposals, the District retains the right to reject all bids or proposals received if there is a sound documented reason and shall include in the bid documents the statement, "The District retains the right to reject any or all offers."
- The invitation to bid or submit a proposal shall be publicly advertised in a local newspaper designated as the District's "official newspaper." All sealed bids shall be publicly opened at a time and place prescribed in the invitation to bid, at least two weeks after the invitation to bid or submit a proposal is published in the local newspaper.
- Where required by Section 200.325, bid and/or performance bonds shall be required.

Non-Competitive Proposal: The District will only use a non-competitive proposal when one of the following criteria is met:

- The item is only available from a single source
- There is public emergency that will not permit delay
- The federal awarding agency or pass-through expressly authorizes noncompetitive proposals in response to a written request from the District
- After soliciting a number of sources, competition is determined inadequate.

Funding Source/Budget Approval

The superintendent/principal and/or director of special education should only approve purchase requisitions for the procurement of goods or services with express personal knowledge of adequate funds available to the designated budget. If approvals are made and it is subsequently discovered that funds are not available from the indicated line item budget, it will be the responsibility of the approving supervisor to reallocate funds from another budget line item under their responsibility to adjust the purchase requisition amount in order to provide for payment of the goods or services.

Reimbursement of Expenditures

Without pre-authorization from the employee's supervisor, the District is under no obligation to reimburse employees for expenditures made by employees from their personal funds for District

expenditures. The only document that legally commits the District to pay for a purchase is a properly approved District purchase order issued by the district office.

Commitment, Contract or Lease

No District staff member may sign a commitment or contract for goods, services, or property. Per MN Statute § 123B.52, only the Board, superintendent/principal, director of special education, or school business manager may sign any commitment or contract for the District. All real property agreements must be school board approved.

Special Education Requisition

- Board of Education adopts line item amounts recommended by superintendent/principal and the director of special education for special education purchases of supplies or services.
- Special education teacher wants to purchase services, supplies and/or materials for the special education classroom or for an individual student, which are one of the following:
 - Item specific to one student identified as needed in the student's Individualized Education Program (IEP)/Individualized Family Service Plan (IFSP)
 - Items needed in the special education classroom to deliver the education program for the students that would not be needed in a general education classroom
 - Other teacher supply items that would not be needed in a general education classroom
- Teacher completes a Special Education Purchase Order Request form (Appendix A) answering the federal questions and submits to the superintendent/principal.
- The superintendent/principal reviews and approves the requisition and sends it to the PAWN office.
- The director of special education reviews the requisition and the questions:
 - determining reasonableness
 - alignment to special education program and IEP/IFSP
 - impact to the budget
- The requisition is next routed to the PAWN bookkeeper/secretary for coding and forwarded to the school business manager.
- The school business manager creates a purchase order and submits to the vendor.

- After the item is received, the teacher initials the packing slip and sends it to the school business manager. If no packing slip is included an email is sent to the school business manager confirming receipt of the items.
- The school business manager pays the bill and files the paperwork after confirming that all necessary paperwork has been submitted.

Special Education Purchase of Services

Purchases of services must follow a similar path but often begins at the superintendent/principal or director of special education. The director of special education oversees the delivery of the service to ensure the service provided meets the terms of the contract. School business manager checks with the supervisor when an invoice is received, to confirm that the service has been provided and that the invoice should be paid.

Small purchases may be made by staff using established charge accounts at approved local locations or by purchasing items and requesting reimbursement. All receipts submitted for payment or reimbursement using this process must be submitted on a voucher and include all paperwork noted in the section titled Special Education Requisition.

Staff Travel

Travel cost is the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the District. No reimbursement shall be made for alcoholic beverages or for dependents.

Mileage reimbursement will be paid to staff for travel between the District office and other locations at which they are assigned to work. Mileage is reimbursed at the current IRS rate as established by the Board.

When a staff member determines that it would be beneficial to attend a conference or workshop, the staff member completes a Special Education Professional Development Request form (Appendix B) and submits it to the superintendent/principal. The request includes justification for the travel and an estimate of costs associated with the travel, being sure to answer the special education questions (all registration materials are to be attached to the form). The superintendent/principal either approves or denies the request. If the request is approved, it is forwarded to PAWN for director of special education approval and coding by the PAWN bookkeeper/secretary. If approved the request will be submitted to the school business manager. Upon return, itemized receipts for reasonable travel expenses will be attached to a Special Education Payment Request form (Appendix C) and submitted to the superintendent/principal and director of special education for approval and reimbursed by the district office. The Board has set meal reimbursement limits that vary by meal.

Food

Expenses for food at professional development meetings shall be incurred only if each item below can be verified:

- A working lunch is necessary (i.e., there is a genuine time constraint requiring a working lunch).
- The portion of the agenda to be carried out during the lunch is substantive and integral to the overall purpose of the meeting.
- The cost of the working lunch is reasonable. The district board sets the rates and reviews the rates on an annual basis.
- The cost is carefully documented to ensure the working lunch is both reasonable and necessary.

District Credit Card

The use of district credit cards is not intended to avoid or bypass appropriate purchasing or payment procedures due to time constraints but to complement the existing processes available. The district credit card is to be used in those few circumstances when payment by a check issued by the District's business office is not feasible. Any purchases using the credit cards must follow District policies, procedures, practices and Minnesota Statute 123B.02 Subd. 23. Purchases not meeting these requirements will be the personal responsibility of the employee using the card. Acceptable uses for District credit card:

- Professional development travel expenses.
- Emergency items related to the purpose of the travel.
- Purchase of materials, registrations, supplies, or equipment when there is a sole source vendor that will not accept purchase orders.
- Emergency purchases for school-related items where there is not sufficient time to follow regular procedures for purchase orders and vouchers. These must have prior approval from the superintendent/principal, director of special education or school business manager.

The applicable documents must be completed, and District procedures above must be followed. Original itemized receipts for each purchase/transaction that document the purpose for which the card was used and who used the card will be required for all purchases/transactions indicating the date, purpose and nature of the expense for each claim item. All documentation regarding any purchases/ transactions will be required to be turned into the district's business office within five (5) business days of the purchase/transaction. In exceptional circumstances, the superintendent/principal or board may allow a claim without proper receipt. Written documentation explaining the exceptional circumstances is maintained as part of the school district's record of the claim.

The district will review and reconcile district credit card statements and purchases/transactions

on a monthly basis and will verify that any items that were purchased were actually received. The district will take action to follow up on any identified discrepancies in a timely manner. All credit card balances will be paid in full on a monthly basis.

Inventory Management

The District will keep an inventory listing of equipment items purchased with special education funds. "Equipment" means an article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost which equals or exceeds \$500. Items that do not meet the \$500 threshold but are "sensitive" in nature (such as portable technology devices) will be included on the inventory list. Inventoried equipment purchased with special education funds shall be labeled with a tag that states, "Pine Point School – Purchased with Federal Dollars." Property records of all equipment and "sensitive" items will be maintained. A physical inventory of all equipment and "sensitive" items shall be conducted, and the results reconciled with the property records at least once every two years. Any loss, damage or theft must be investigated. When equipment is no longer needed it will be disposed of properly and in accordance with federal, state, and local laws, with the goal to ensure the highest possible return.

All items not meeting the definition of equipment shall be considered supplies. Supplies shall not be inventoried; however, each employee shall be responsible to effectively control and account for all supplies trusted to their care. Each employee shall properly safeguard supplies and ensure they are used solely for authorized purposes.

All property of the District shall be insured to the extent necessary to protect the financial interest the District has in the property.

Time and Effort Reporting

Time and effort reporting will be completed for all employees of the District paid through federal and special education dollars. Time and effort reporting records shall accurately reflect the work actually performed.

With a few exceptions all employees paid through single cost objectives and multiple cost objectives complete a Personnel Activity Reports ("PARS"). Once the data collected determines that an individual employee is paid on a single cost objective, that individual will be converted over to a semi-annual certification upon the next 6-month certification cycle. Both the semi-annual certification and the PARS reports will be signed by the employee and the supervisor the month following the reporting period.

Initial budget and payroll will be based on an estimate of the cost objective(s) that the employee schedule indicates assignment. The superintendent/principal will notify both District and PAWN business offices if an employee schedule changes. A comparison of actual costs based on the

semi-annual activity reports to budgeted distributions will be made mid-year and at the end of the fiscal year. If the comparison shows a difference between budgeted and actual costs, adjustments will be made such that the final amount charged to the federal award is accurate, allowable and properly allocated.

Third Party Reimbursement

As required by federal and state law all public Minnesota schools are to seek payment for IEP/IFSP health-related services from public and private health insurers. This will be done in accordance with Minn. Stat. Sec. 125A.21, Subd.2.

IEP/IFSP case managers provide parents with the opportunity to consent to share data and seek payment for IEP/IFSP health related services. Once this has been verified and services have been rendered the business manager will submit for reimbursement Department of Human Services online billing system.

Third party revenues received from MDE shall be coded to UFARS Source Code 071 and used to benefit students with IEP/IFSPs in accordance with Minn. Stat. section 125A.21, Sub.3.

Proportionate Share

The District and director of special education will administer federal special education funds used to provide equitable participation services to parentally-placed private school, including home schooled, children who are in need of special education services.

A Minnesota Department of Education Private School Consultation Form (Appendix D) will be provided to representatives of the private schools located in the member district that will include discussion of the child find process and how the special education services will be provided. This form will be kept in the District and PAWN offices.

The IEP/IFSP team makes decisions for individual students under the guidance of the director of special education and District administration as they oversee funds, property and program decisions. The District will ensure that proportionate share funds are used to meet the special education and related services needs of eligible students with disabilities and are not used for the general needs of the private school. The District will track the required expenditures by fiscal year. Any unused funds at the end of the fiscal year will be spent during the following one-year carryover period.

Special Transportation

The IEP/IFSP team determines if a child is in need of special transportation. Specialized transportation may include accommodations, special equipment or a child specific paraprofessional. Once this is determined the case manager will provide the District

transportation director a copy of the IEP/IFSP and the related Emergency Health Information form to initiate the special transportation. The case manager will apprise the MARSS coordinator of any changes in transportation on the IEP/IFSP.

Record Retention

Financial records, supporting documents, statistical records, etc. relating to federal awards shall be retained for at least five years from the date of submission of the final expenditure report; or for ongoing grants, the date of submission or the quarterly/annual financial report.

Appendix B

SPECIAL EDUCATION PROFESSIONAL LEAVE/STAFF DEVELOPMENT REQUEST

Pine Point ISD #25

Name: _____ Date: _____

Title of Conference/Workshop: _____

Date(s) of Conference/Workshop: _____

Location of Conference/Workshop: _____

Others attending: _____

Description of Conference/Workshop: _____

Will a substitute be needed? _____

Please estimate expenses and attach registration form & workshop/conference description:

_____ I will register myself _____ Please register me for this workshop/conference

_____ I will arrange my own lodging _____ Please arrange lodging for me

Lodging Information: _____

Estimate Cost of Lodging: _____

Cost of Registration: _____

Estimate Cost of Transportation: _____

Estimate Cost of Meals: _____

1. In the absence of special education needs, would this cost exist? _____
2. Is this cost also generated by students without disabilities? _____
3. If it is a child-specific service or program is the need documented in the student(s) IEP? _____
4. Student(s) MARSS #: _____
5. Will this service expand and enhance the direct instruction of students with disabilities? _____
6. Reason for request: _____

_____ Approved _____ Not Approved

Director: _____ Principal: _____

Date: _____ Date: _____

March 2017

Appendix D



Private School Consultation Form

Individuals with Disabilities Education Act Affirmation of Representatives of Private Schools Instructions: Obtain the signatures of private school representatives after conducting the consultations required by Title 34, section 300.134 of the Code of Federal Regulations. Maintain the signed affirmations in the school district. Send documentation of the consultation process to MDE only if a private school representative fails to provide a written affirmation within a reasonable period of time in accordance with Title 34, section 300.135, of the Code of Federal Regulations.

AFFIRMATION

By signing below as a private school representative, I affirm the _____ school district has engaged in timely and meaningful consultation during the design and development of special education and related services for parentally placed private school children with disabilities, as required by Title 34, section 300.134 of the Code of Federal Regulations implementing the Individuals with Disabilities Education Act. Topics of consultation included:

- The child find process and how parentally placed private school children suspected of having a disability can participate equitably, including how parents, teachers, and private school officials will be informed of the process;
- The determination of the proportionate amount of federal funds available to serve parentally placed private school children with disabilities, including the determination of how the amount was calculated;
- The consultation process among the school district, private school officials, and representatives of parents of parentally placed private school children with disabilities, including how the process will operate throughout the school year to ensure parentally placed private school children with disabilities identified through child find can meaningfully participate in special education and related services;
- How, where, and by whom special education services will be provided for parentally placed private school children with disabilities, including a discussion of types of services, including direct services and alternate service delivery mechanisms, how such services will be apportioned if funds are insufficient to serve all children, and how and when these decisions will be made; and
- How, if the school district disagrees with the views of the private school officials on the provision of services or the types of services, whether provided directly or through contract, the school district will provide private school officials a written explanation of the reasons why the school district chose not to provide services directly or through a contract.

Name of Private School Representative

Name of Private School

Signature of Private School Representative

Date Signed